

Strathcona County
2016 Q2
Management Report
Prepared by Financial Services

Prepared for
Priorities Committee
October 18, 2016

Year-to-Date Operating Variance and the Year-End Forecast of the Annual Operating Surplus for Tax Purposes for Municipal, Utility, Library Operations and Pioneer Housing Foundation (PHF)

1. Year-to-Date Operating Variance

The operating variance at June 30, 2016 is **\$16.0 million** (Q2 2015 \$13.4 million). The operating variance is the difference between the year-to-date actual and budgeted results, and is comprised of timing differences that are expected to reverse during the remainder of the year, and permanent differences that have occurred and will affect the year-end results.

<i>County Operating Segments</i>	<i>2016 Q2 YTD Timing Differences \$M</i>	<i>2016 Q2 YTD Permanent Differences \$M</i>	<i>2016 Q2 YTD Variance \$M</i>	<i>2015 Q2 YTD Variance \$M</i>
Municipal	6.3	10.2	16.5	12.2
Utility	(1.8)	1.2	(0.6)	1.2
Library	-	0.1	0.1	-
PHF	-	-	-	-
TOTAL	4.5	11.5	16.0	13.4

The year-to-date operating variance includes reserve transactions and debt repayments that are excluded from Public Sector Accounting Standards (PSAS) financial reporting.

2. Year-End Forecast of the Annual Operating Surplus for Tax Purposes (Permanent Differences + Forecasted Items)

<i>County Operating Segments</i>	<i>2016 Q2 Forecast \$M</i>	<i>2015 Q2 Forecast \$M</i>
Municipal	13.7 (4.9%)	4.5 (1.7%)
Utility	1.0 (1.8%)	0.7 (1.2%)
Library	0.1 (0.5%)	-
PHF	-	-
TOTAL	14.8 (4.2%)	5.2 (1.5%)

Please note that the percentages represent the proportion of forecast surplus compared to the respective annual operating budgets. The annual operating surplus for tax purposes includes reserve transactions and debt repayments that are excluded from Public Sector Accounting Standards (PSAS) financial reporting.

The year-end forecast is based on the information available as of June 30, 2016 and is subject to the uncertainty of unknown events or circumstances which may transpire during the remainder of the year.



3. Analysis of the 2016 Year-End Forecast

a. Municipal Operations – \$13.7 million – Contributing Factors (In Order of Significance)

Favourable:

- i. Savings due to lower winter maintenance than anticipated;
- ii. Personnel cost savings due to staff turnover, vacancies, and deferred hiring (net of slippage);
- iii. Favourable contract circumstances beyond what was expected;
- iv. Municipal property tax revenues and supplemental taxes exceeding the budget;
- v. Savings from lower fuel prices and volumes than anticipated; and
- vi. Unbudgeted emergency services 911 grant and EMS billing revenues.

Unfavourable:

- i. Lower user fee revenues from Millennium passes and admissions.

b. Utility Operations – \$1.0 million – Contributing Factors (In Order of Significance)

Favourable:

- i. Higher solid waste and water fees from increased customers and consumption; and
- ii. Personnel cost savings due to staff turnover, vacancies, and deferred hiring.

Unfavourable:

- i. Lower water and wastewater user fee revenue due to EPCOR no longer servicing its customers through County infrastructure.

c. Library Operations – No significant impacts to report.

d. Pioneer Housing Foundation Operations – No significant impacts to report.

2015-2018 Corporate Business Plan Progress Report (Appendix 1)

An integral component of the Business Plan and Budget Implementation (BPBI) Project includes performance measurement and progress reporting. As such, Q2 and annual (Q4) quarterly management reports will include progress reporting on the goals within the 2015-2018 Corporate Business Plan, which demonstrate linkages to the Strategic Plan.

Performance measures will also be reported on as part of the Corporate Business Plan Progress Report, including ongoing refinement to the measures themselves as part of an evolving process.



Capital Activity (Excluding PHF)

1. 2016 Capital Budget and Spending

The 2016 Annual Capital Budget (cash flowed), as amended, totals \$239.8 million. The capital spending, as of June 30, 2016, totals \$35.9 million (Q2 2015 \$25.0 million), which represents 15% of the planned expenditures for the year.

2. 2016 Capital Budget Amendments

Sixteen project amendments have been approved as of Q2 2016 for a \$2.8 million total net increase of the capital budget.

3. Update on Completed Projects

During the first two quarters of 2016, twelve projects were completed \$2.4 million under a total combined budget of \$16.6 million. Of the unused funding, \$0.6 million was budgeted to be funded from external grants, debentures and other sources, and \$1.8 million was budgeted from internal sources (reserves). All funds released are allocated back to their original funding sources, and are available for other emergent or future priorities.



Assessment of the County’s Financial Condition — Key Financial Indicators

The following section is prepared based on the Q2 2016 Strathcona County Consolidated Financial Statements (unaudited) provided in Appendix 2. The Consolidated Financial Statements are prepared in accordance with Public Sector Accounting Standards (PSAS).

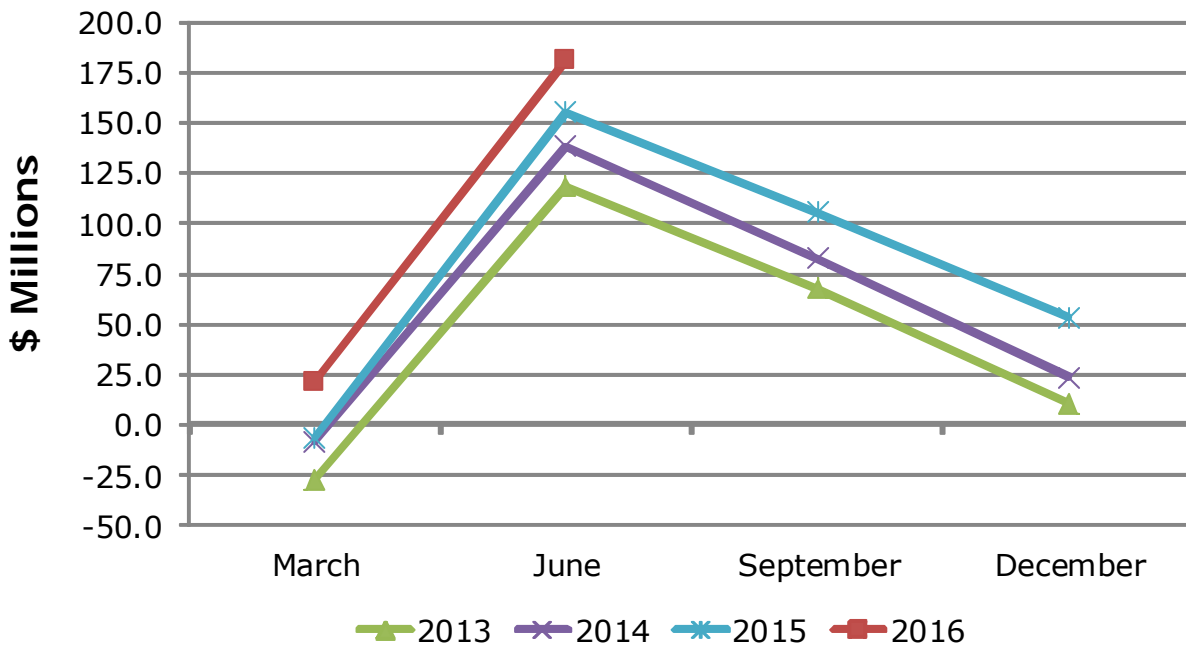
Statement of Financial Position — Highlights

a. Net Financial Assets (Net Debt) Position

As of June 30, 2016, the County’s net financial asset position is \$181.2 million compared to a \$53.3 million net financial asset position at December 31, 2015, an increase of \$127.9 million. The increase in net financial assets is expected and mainly due to the timing of property tax revenue, which will be drawn down to finance operations in the second half of 2016.

b. Net Financial Assets Trend Analysis

Net Financial Assets (Net Debt)



c. Investments

The County held \$375.0 million in investments at June 30, 2016 (Q2 2015 \$346.2 million). The 2.32% year-to-date weighted average return on investments was slightly lower than the 2.38% budgeted return, which has been offset by higher volumes than anticipated; resulting in an overall favourable variance of \$0.3 million.



d. Long-term debt

The County has issued \$3.0 million of new debt during 2016 for the following capital projects:

RCMP Building Expansion - \$2.0 million

Glen Allan Recreation Complex - \$1.0 million

e. Reserve Reporting

The following table provides a summary of the County's reserve balances as at June 30, 2016:

Reserves	Committed \$M	Designated \$M	Total \$M	Optimal Variance \$M
Municipal				
Stabilization and Contingency	0.3	9.5	9.8	(2.6)
Projects	42.1	18.8	60.9	(2.8)
Infrastructure, Lifecycle, Maintenance and Replacement	37.7	39.2	76.9	5.5
Special Purpose	14.3	12.7	27.0	3.7
Total Municipal	94.4	80.2	174.6	3.8
Utilities				
Stabilization and Contingency	-	1.2	1.2	(1.3)
Projects	-	-	-	-
Infrastructure, Lifecycle, Maintenance and Replacement	4.8	40.5	45.3	(33.3)
Special Purpose	4.4	-	4.4	-
Total Utilities	9.2	41.7	50.9	(34.6)
Total Library	-	4.1	4.1	-
Total Reserves	103.6	126.0	229.6	(30.8)
Percentage	45.1%	54.9%	100%	

The presentation of reserve groupings is in accordance with the Policy: FIN-001-024 Municipal Reserves. Please note that the optimal variance column is determined through a comparison of the reserve's optimal balance with the designated funds available within the respective reserve. A positive figure indicates a balance above the optimal amount and a negative figure indicates a balance below the optimal amount.

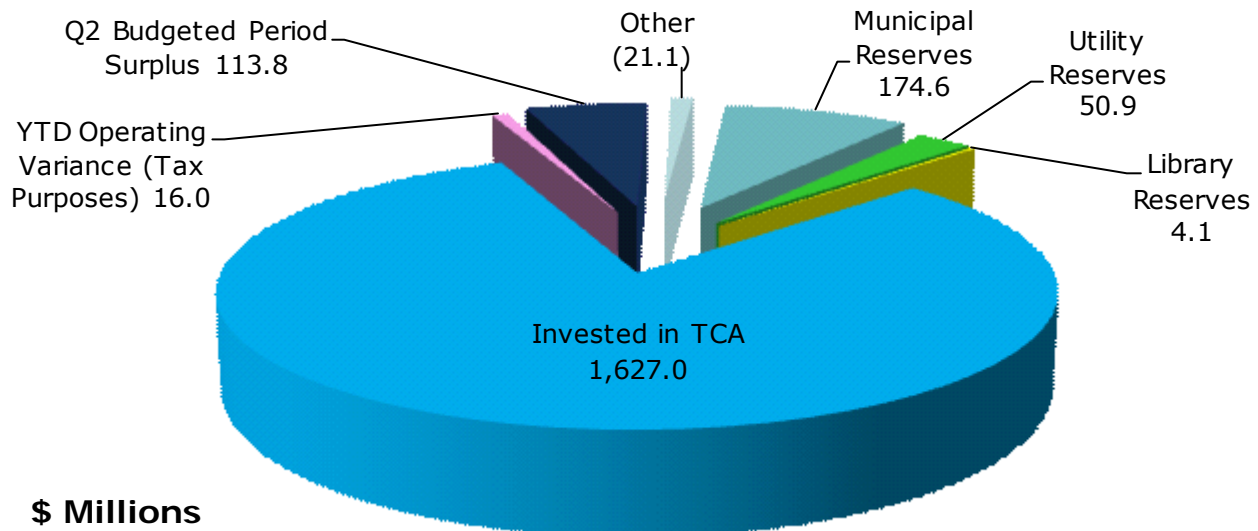


c. Accumulated Surplus

Accumulated surplus totals \$1,965.3 million at June 30, 2016 (\$1,824.6 million at December 31, 2015). The composition of the Q2 2016 accumulated surplus is as follows:

- i. Reserves of \$229.6 million (Q4 2015 - \$223.4 million);
- ii. Net investments in tangible capital assets of \$1,627.0 million (Q4 2015 - \$1,611.6 million);
- iii. The June 30, 2016 budgeted period operating surplus of \$113.8 million (Q4 2015 - \$nil);
- iv. The June 30, 2016 year-to-date favourable operating variance of \$16.0 million (Q4 2015 - \$nil after year-end surplus allocation); and
- v. The unrestricted surplus (deficit) of (\$21.1) million (Q4 2015 - (\$10.3) million).

Composition of Accumulated Surplus



Appendix

1. 2015-2018 Corporate Business Plan Progress Report
2. Consolidated Financial Statements and Supporting Schedules for the Period Ended June 30, 2016 (unaudited)
3. Glossary of Terms





2015 - 2018 Corporate Business Plan Progress Report

For the period ending June 30, 2016

GOAL 1

Strathcona County has planned for long-term financial sustainability in support of service delivery and infrastructure asset management.

Outcome

Stakeholders are aware of and support multi-year capital and operating budgets and business plans, and the supporting principles and policies.

Linkages back to:

Strategic plan prioritized goals

1. Strategically manage, invest and plan for sustainable infrastructure.

Economic sustainability framework

Progress

- Completing the development of the reserve contribution model, which will be analyzed annually to insure accuracy and will continue to fund the Strathcona County Annual Fleet Replacement program.
- Updating condition assessments for the majority of large facilities, with three more facilities condition assessments planned for 2016/2017.
- Creating a data set which includes all department and corporate business plan key performance indicators. This is posted on Strathcona County's Open Data Portal.
- Completing the identification of the basic objectives and components of the Long Term Financial Sustainability Plan.

Objectives

- 1) Establish a long-range financial plan to guide decision making on appropriate growth, balance and timing of operating and capital costs.
- 2) Establish the business planning and budget process to guide priority-based decision making.
- 3) Identify appropriate service levels for the community and their costs.
- 4) Establish an asset management policy and framework which consistently defines approach, roles, and standards while considering the diverse requirements of departments.

Key performance indicator and measures	2015	2016	2017	2018 Target
Debt service ratio	1.3			TBD pending Long-Term Financial Sustainability Plan (LTFSP)
Percentage of committed to designated reserves (committed : designated)	44% : 56%			TBD (pending LTFSP)
Rate of optimal reserve balance to designated	0.8			TBD (pending



GOAL 2

Strathcona County priorities, successes and challenges are known.

Outcome

Citizen, staff and other stakeholders are informed about the community priorities, successes and challenges.

Linkages back to:

Strategic plan prioritized goals

3. Advance the community's interests by developing and maintaining strong relationships with our neighbouring municipalities and civic organizations to ensure long-term prosperity.
4. Increase public involvement and communicate with the community on issues affecting the County's future.

Objectives

- 1) Provide open, transparent and meaningful stakeholder communication.
- 2) Use various communications tools to make the provision of municipal services known.
- 3) Inform stakeholders of the short- and longer-term strategic and corporate priorities.
- 4) Build support, knowledge and understanding of organizational direction.
- 5) Provide opportunities for public engagement and participation.
- 6) Establish an Open Government policy framework.

Progress

- Implementing an Emergency Operations Centre notification process through SC Alerts.
- Implementing a traffic disruption notification system with an online calendar to communicate major traffic disruptions.
- Commencing public engagement for the Outdoor Aquatic Strategy.
- Promoting the online tax calculator tool.
- Completing the annual Strathcona County Strategic Directions survey campaign in April.
- Advancing the Open Data program, including the development of an open data policy, governance committee, action plan, and guidebook.

Key performance indicator and measures	2014	2015	2016	2017	2018 Target
Citizen awareness of Council's top four prioritized strategic goals	-	20.7%	29.2%		35%
Citizens feel informed about services and activities	80.9%	77.3%			85%
Citizen satisfaction in opportunity to express opinion (high/very high)	48.2%	64.3%			60%



GOAL 3

Economic opportunities are created through strategic partnerships.

Outcome

New industrial, commercial and residential developments are occurring at fiscally sustainable rates within Strathcona County.

Linkages back to:

Strategic plan prioritized goals

2. Increase and diversify the petrochemical business.
3. Advance the community's interests by developing and maintaining strong relationships with our neighbouring municipalities and civic organizations to ensure long-term prosperity.

Economic sustainability framework

Objectives

- 1) Leverage external and internal partnerships to expand our economic capacity.
- 2) Strengthen relationships with other orders of government and regional municipalities.
- 3) Promote and support partnerships with groups, organizations and businesses in the community.
- 4) Sequence development through collaborative and systematic infrastructure investments.
- 5) Ensure new development is strategically planned and sustainably funded.
- 6) Direct focus on development within the Urban Service Area and Hamlet of Ardrossan.
- 7) Develop a generally available program to promote and support heavy industrial development.

Progress

- Working with Alberta Transportation and the City of Edmonton on the Regional Transportation Model.
- Assisting with the provision of services with the Government of Alberta in debit card distribution to Fort McMurray residents who had been displaced by the wildfires.
- Working with Capital Region Board regional economic group, and the Sherwood Park and District Chamber of Commerce.

Key performance indicator and measures	2014	2015	2016	2017	2018 Target
Tax revenue by source type (residential : non-residential)	37% : 63%	38% : 62%			TBD (pending LTFSP)
Citizens perception of Strathcona County's municipal government as collaborative	-	52%			60%





GOAL 4

Informed decision making supports quality of life in the community.

Outcome

Anticipated growth maintains quality of life for our community.

Linkages back to:

Strategic plan: overall

Economic sustainability framework

Environmental sustainability framework

Social sustainability framework

Objectives

- 1) Explore and present elements of change, such as the impact of decisions regarding growth.
- 2) Continue to use evidence-based analysis to inform planning and decision making.
- 3) Promote and support partnerships within community-based groups and organizations to align social planning.
- 4) Use program and service evaluation and adjustments to facilitate a safe, healthy and thriving community.

Progress

- Introducing two new transit fare products; "Off Peak Local Pass" and a "Summer Pass" to provide more fare options for youth.
- Obtaining approval of the Beaver Hills Biosphere Reserve Designation.
- Distributing \$300,000 in social services grant funding to community not for profit social services agencies through the Social Services Grants program.
- Establishing an RCMP and Enforcement Services "Positive Ticket" campaign in partnership which rewards youth who make positive and safe choices in our community.

Key performance indicator and measures	2014	2015	2016	2017	2018 Target
Overall citizen satisfaction with quality of life (very high/high)	85.6%	80.9%			85%
Citizen rating that quality of service is much better/better compared to two years ago	24.6%	29.5%			40%





GOAL 5

**We are efficient and effective
in daily operations.**

Outcome

Strathcona County demonstrates efficient operations.

Linkages back to:

Strategic plan: overall

Objectives

- 1) Promote innovation, technology and best practices appropriately.
- 2) Ensure policies, procedures and practices support and guide decision making at an appropriate level, and that policies are regularly presented.
- 3) Continue to support service and program reviews.
- 4) Examine reallocation, or sharing of resources and leverage partnerships and revenue opportunities.
- 5) Support effective County operations and evidence-based decision making through technology, integrated systems, data, tools, and performance measurement.
- 6) Implement an integrated program for reviews focused on efficiency and effectiveness.

Progress

- Implementing the electronic agenda and meeting management system complete with a council meeting electronic voting system.
- Utilizing tablets to update various Utilities' programs status (hydrant checks, hydrant painting, and main line valve turning).
- Creating web analytics dashboards to determine success of communications campaigns for recent events (i.e. Strathcona County Pride Awards, enviroservice launch).
- Implementing new recruitment tool, which allows applicants to apply online and for recruitment teams to collaborate on assessing and screening applications.

Key performance indicator and measures	2014	2015	2016	2017	2018 Target
Citizens feel they are getting value for their tax dollar (very good/good)	51.0%	51.3%			65%
Staff collaboration index	79.6	-			85
Efficiency/effectiveness service and program reviews <i>*under development</i>	-	-	-	TBD	TBD



GOAL 6

Strathcona County is an employer of choice, attracting and retaining the best people in all aspects of municipal service delivery.

Outcome

Quality service delivery is evident in staff engagement and customer satisfaction.

Linkages back to:

Strategic plan: overall

Objectives

- 1) Promote leadership and collaboration throughout the organization.
- 2) Establish a learning and development framework which supports appropriate training and development opportunities for staff.
- 3) Establish and promote a culture that reflects our corporate values.
- 4) Implement a comprehensive attraction and retention strategy.

Progress

- Planning for the 2016 employee engagement survey.
- Implementing the new classified handbook (with ongoing support to managers, supervisors and employees).
- Creating a learning and development task force to update principles and guidelines to support all supervisors and employees in learning and development using a consistent and fair approach.

Key performance indicator and measures	2014	2015	2016	2017	2018 Target
Overall citizen satisfaction with quality of service (very high/high)	79.4%	77.4%			85%
Staff engagement index	79.6				85
Staff communication index	72.2				77
Work environment index	70.0	-			75
Career and compensation index	69.8				75
Permanent employee voluntary turnover rate	5.30%	4.90%			<6%
Permanent employee short term (less than 12 months) turnover rate	10.53%	4.70%			<8%



STRATHCONA COUNTY

Consolidated Financial Statements

For the Period Ended June 30, 2016 (in thousands of dollars)

(unaudited)

STRATHCONA COUNTY
Consolidated Statement of Financial Position
As at June 30, 2016 (in thousands of dollars)

	June 30 2016 <i>(unaudited)</i>	December 31 2015
FINANCIAL ASSETS		
Cash and Cash Equivalents	\$ 42,221	\$ 4,214
Accounts Receivable		
Property Taxes	44,754	4,827
Government Transfers	5,342	9,853
Trade and Other	16,138	13,630
Development Levies and Charges	842	2,816
Land Held for Resale	2,632	2,632
Investments	374,959	291,293
Investment Interest Receivable	8,501	8,217
	495,389	337,482
LIABILITIES		
Accounts Payable and Accrued Liabilities	67,570	44,777
Deposit Liabilities	17,279	18,639
Deferred Revenue	74,664	64,088
Capital Leases	38	108
Long-Term Debt	154,669	156,545
	314,220	284,157
NET FINANCIAL ASSETS	181,168	53,325
NON-FINANCIAL ASSETS		
Tangible Capital Assets	1,781,828	1,767,591
Inventories of Materials and Supplies	983	975
Prepaid Expenses	1,335	2,738
	1,784,146	1,771,304
ACCUMULATED SURPLUS	\$ 1,965,315	\$ 1,824,629

STRATHCONA COUNTY
Consolidated Statement of Operations and Accumulated Surplus
For the period ended June 30, 2016 (in thousands of dollars)

	2016 Period Budget <i>(unaudited)</i>	June 30 2016 <i>(unaudited)</i>	June 30 2015 <i>(unaudited)</i>
REVENUE			
Property Taxes	\$ 219,347	\$ 221,548	\$ 209,051
Government Transfers - Operating	3,585	4,008	3,010
Utility User Rates	27,647	28,220	27,175
User Fees and Charges	20,447	19,811	20,580
Penalties and Fines	2,682	2,711	2,592
Investment Income	2,632	2,755	4,530
Other	3,856	6,747	5,231
TOTAL REVENUES	280,195	285,800	272,169
EXPENSES			
Infrastructure and Planning Services			
Capital Planning and Construction	2,223	1,917	1,486
Economic Development and Tourism	721	696	588
Planning and Development Services	5,656	4,397	4,484
Transportation and Agriculture Services	15,659	11,955	13,295
Utilities	26,336	25,911	25,720
	50,596	44,876	45,573
Community Services			
Emergency Services	17,276	16,520	15,109
Family and Community Services	3,984	4,120	3,808
Strathcona Transit	9,815	8,531	8,589
RCMP and Enforcement Services	11,637	11,888	10,998
Recreation, Parks and Culture	20,183	18,830	17,840
	62,894	59,889	56,344
Corporate Services			
Chief Financial Officer	17,284	16,075	14,197
Senior Administration	3,407	2,953	2,763
Elected Officials	3,322	3,103	3,215
Fiscal Services	654	568	586
Strathcona County Library	25,585	24,686	25,433
Pioneer Housing Foundation	5,120	5,380	4,789
	833	325	467
	56,204	53,088	51,450
TOTAL EXPENSES	169,694	157,853	153,367
SURPLUS BEFORE CAPITAL REVENUE	110,501	127,947	118,802
CAPITAL REVENUE			
Contributed Tangible Capital Assets	-	4,349	17,757
Government Transfers - Capital	19,020	7,418	9,991
Other Capital Revenues	28,351	973	768
TOTAL CAPITAL REVENUE	47,371	12,740	28,516
PERIOD SURPLUS	157,871	140,686	147,318
ACCUMULATED SURPLUS, BEGINNING OF PERIOD	1,824,629	1,824,629	1,697,101
ACCUMULATED SURPLUS, END OF PERIOD	\$ 1,982,500	\$ 1,965,315	\$ 1,844,419

STRATHCONA COUNTY
Consolidated Statement of Change in Net Financial Assets (Net Debt)
For the period ended June 30, 2016 (in thousands of dollars)

	2016 Period Budget <i>(unaudited)</i>	June 30, 2016 <i>(unaudited)</i>	December 31, 2015
PERIOD SURPLUS	\$ 157,871	\$ 140,686	\$ 127,528
Acquisition of Tangible Capital Assets	(119,405)	(35,860)	(88,863)
Contributed Tangible Capital Assets	-	(4,349)	(60,325)
Amortization of Tangible Capital Assets	26,640	25,970	51,153
Loss (Gain) on Tangible Capital Assets Transfers and Disposals	-	-	307
Proceeds from Transfers and Disposals of Tangible Capital Assets	-	2	417
	<u>65,106</u>	<u>126,449</u>	<u>30,217</u>
Acquisition of Inventories of Materials and Supplies	-	(477)	(1,908)
Acquisition of Prepaid Expenses	-	(902)	(3,608)
Use of Inventories of Materials and Supplies	-	469	1,783
Use of Prepaid Expenses	-	2,305	3,198
	<u>-</u>	<u>1,395</u>	<u>(535)</u>
INCREASE IN NET FINANCIAL ASSETS	65,106	38	29,682
NET FINANCIAL ASSETS, BEGINNING OF PERIOD	<u>53,325</u>	<u>53,325</u>	<u>23,643</u>
NET FINANCIAL ASSETS, END OF PERIOD	<u>\$ 118,431</u>	<u>\$ 53,361</u>	<u>\$ 53,325</u>

STRATHCONA COUNTY
Consolidated Statement of Cash Flows
For the period ended June 30, 2016 (in thousands of dollars)

	June 30 2016 <i>(unaudited)</i>	December 31 2015
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:		
OPERATING		
Period Surplus	\$ 140,686	\$ 127,528
Items Not Involving Cash:		
Contributed Tangible Capital Assets	(4,349)	(60,325)
Amortization of Tangible Capital Assets	25,970	51,153
Amortization of Discount on Investments	33	51
Loss (Gain) on Tangible Capital Assets Transfers and Disposals	-	307
Gain on Disposal of Investments	(43)	(1,835)
Changes to Non-Cash Assets and Liabilities:		
Property Taxes Receivable	(39,927)	(1,528)
Government Transfers Receivable	4,511	(7,444)
Trade and Other Receivables	(2,508)	1,871
Development Levies and Charges	1,974	3,974
Land Held for Resale	-	(7)
Accounts Payable and Accrued Liabilities	22,794	7,583
Deposit Liabilities	(1,360)	2,063
Deferred Revenue	10,576	(14,970)
Inventories of Materials and Supplies	(8)	(125)
Prepaid Expenses	1,403	(410)
Cash Provided by Operating Activities	<u>159,751</u>	<u>107,886</u>
CAPITAL		
Proceeds from Transfers and Disposals of Tangible Capital Assets	2	417
Acquisition of Tangible Capital Assets	(35,860)	(88,863)
Cash Applied to Capital Activities	<u>(35,858)</u>	<u>(88,446)</u>
INVESTING		
Purchase of Investments	(212,989)	(332,130)
Proceeds from Sale/Maturity of Investments	129,333	329,609
Change to Investment Interest Receivable	(285)	(1,924)
Cash Applied to Investing Activities	<u>(83,941)</u>	<u>(4,445)</u>
FINANCING		
Long-Term Debt Issued	2,896	4,600
Capital Leases Repaid	(70)	(138)
Long-Term Debt Repaid	(4,773)	(11,779)
Cash Applied to Financing Activities	<u>(1,946)</u>	<u>(7,317)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	38,006	7,678
CASH AND CASH EQUIVALENTS (CHEQUES ISSUED IN EXCESS OF CASH), BEGINNING OF PERIOD	4,214	(3,464)
CASH AND CASH EQUIVALENTS (CHEQUES ISSUED IN EXCESS OF CASH), END OF PERIOD	\$ 42,221	\$ 4,214

STRATHCONA COUNTY
Consolidated Schedule of Segmented Information
For the period ended June 30, 2016 (in thousands of dollars)

	Municipal Operations	Utility Operations	Library Operations	Pioneer Housing Foundation	Eliminations	June 30 2016 (unaudited)	June 30 2015 (unaudited)	2016 Period Budget (unaudited)
OPERATING REVENUE								
Property Taxes	\$ 212,285	\$ 6	\$ 9,257	\$ -	\$ -	\$ 221,548	\$ 209,051	\$ 219,347
Government Transfers - Operating	3,464	14	530	-	-	4,006	3,009	3,585
Utility User Rates	-	28,220	-	-	-	28,220	27,175	27,647
User Fees and Charges	19,022	758	30	-	-	19,810	20,581	20,447
Penalties and Fines	2,624	-	87	-	-	2,711	2,592	2,682
Investment Income	2,255	466	35	-	-	2,756	4,530	2,632
Other	5,546	54	350	1,122	(323)	6,749	5,231	3,856
TOTAL OPERATING REVENUE	245,196	29,518	10,289	1,122	(323)	285,800	272,169	280,195
EXPENSES								
Salaries, Wages and Benefits	69,713	5,206	3,036	-	-	77,956	73,751	82,795
Contracted and General Services	19,800	4,925	199	-	-	24,925	25,701	29,672
Supplies, Materials and Utilities	11,053	10,963	614	-	-	22,629	22,842	25,160
Interest on Long-Term Debt	1,536	1,274	483	323	(323)	3,293	3,528	3,297
Grants and Requisitions	1,385	-	-	-	-	1,385	1,366	1,335
Amortization	21,782	3,504	683	325	-	26,294	24,864	26,640
Loss (Gain) on Tangible Capital Assets	-	-	-	-	-	0	281	-
Transfers and Disposals	-	-	-	-	-	-	-	-
Other Expenses	968	38	365	-	-	1,371	1,034	795
TOTAL EXPENSES	126,237	25,911	5,380	648	(323)	157,853	153,367	169,694
SURPLUS BEFORE CAPITAL REVENUE	118,959	3,608	4,909	474	-	127,947	118,802	110,501
CAPITAL REVENUE								
Contributed Tangible Capital Assets	4,349	-	-	-	-	4,349	17,757	-
Government Transfers - Capital	7,141	277	-	-	-	7,418	9,991	19,020
Other Capital Revenues	848	125	-	-	-	973	768	28,351
TOTAL CAPITAL REVENUE	12,338	402	-	-	-	12,740	28,516	47,371
PERIOD SURPLUS	131,296	4,009	4,909	474	-	140,686	147,318	157,871
ACCUMULATED SURPLUS (DEFICIT), BEGINNING OF PERIOD	1,494,241	312,737	9,450	15,625	(7,424)	1,824,629	1,697,101	1,824,629
ACCUMULATED SURPLUS (DEFICIT), END OF PERIOD	\$ 1,625,538	\$ 316,747	\$ 14,360	\$ 16,099	\$ (7,424)	\$ 1,965,315	\$ 1,844,419	\$ 1,982,500

STRATHCONA COUNTY
Consolidated Schedule of Tangible Capital Assets
As at June 30, 2016 (in thousands of dollars)

Cost	Balance at January 1 2016 <i>(unaudited)</i>	Additions <i>(unaudited)</i>	Contributed Additions <i>(unaudited)</i>	Disposals <i>(unaudited)</i>	Balance at June 30 2016 <i>(unaudited)</i>
Land	\$ 473,870	\$ -	\$ -	\$ -	\$ 473,870
Land Improvements	98,507	242	168	-	98,917
Buildings	374,102	14,501	-	-	388,603
Engineered Structures	1,125,477	1,680	4,181	-	1,131,338
Machinery and Equipment	68,349	880	-	(10)	69,219
Books and Periodicals	5,592	280	-	-	5,871
Vehicles	69,404	1,827	-	(37)	71,194
Assets under Construction	67,687	16,450	-	-	84,137
	\$ 2,282,988	\$ 35,860	\$ 4,349	\$ (47)	\$ 2,323,150

Accumulated Amortization	Balance at January 1 2016 <i>(unaudited)</i>	Disposals <i>(unaudited)</i>	Amortization Expense <i>(unaudited)</i>	Balance at June 30 2016 <i>(unaudited)</i>
Land Improvements	\$ 29,860	\$ -	\$ 2,244	\$ 32,104
Buildings	90,961	-	3,893	94,854
Engineered Structures	329,834	-	13,817	343,651
Machinery and Equipment	31,886	(10)	3,022	34,898
Books and Periodicals	2,526	-	280	2,806
Vehicles	30,330	(35)	2,714	33,009
Assets under Construction	-	-	-	-
	\$ 515,397	\$ (45)	\$ 25,970	\$ 541,321

Net Book Value	Balance at January 1 2016 <i>(unaudited)</i>	Balance at June 30 2016 <i>(unaudited)</i>
Land	\$ 473,870	\$ 473,870
Land Improvements	68,647	66,813
Buildings	283,141	293,749
Engineered Structures	795,643	787,687
Machinery and Equipment	36,463	34,321
Books and Periodicals	3,066	3,066
Vehicles	39,074	38,186
Assets under Construction	67,687	84,137
	\$ 1,767,591	\$ 1,781,828

GLOSSARY OF TERMS:

- **Timing Differences** – Variances to budget that are expected to reverse during the remainder of the year and not affect the year-end surplus or (deficit).
- **Permanent Differences** – Variances to budget that have occurred and will affect the year-end surplus or (deficit).
- **Forecast Variances** – Future variances that have yet to occur, but are expected to be realized based on current information, and are projected to affect the year-end surplus or (deficit).
- **Year-End Forecast** – Permanent Differences plus the Forecast Variances make up the Year-End Forecast surplus or (deficit).
- **PSAS Surplus** – The surplus or (deficit) resulting from financial statements prepared in accordance with Public Sector Accounting Standards (PSAS).
- **Annual Operating Surplus for Tax Purposes** – The annual surplus or (deficit) resulting on the modified cash flow basis, which includes debt repayment expenditures and reserve transactions, and excludes amortization expense, gains/losses on asset disposals and capital revenues, unlike the PSAS Surplus.
- **Designated** – Funding designated to reserves for a specific purpose, which has not yet been approved by Council to be applied towards specific expenditures.
- **Committed** – Funding approved as per FIN-001-024: Municipal Reserves policy to be applied towards specific expenditures.
- **Cash Flow** – Planned or actual timing of expenditures/costs and/or the receipt or disbursement of funding or financing sources.